Financial Statement of the Mysore State for the official year 1911-12 (ending 30th June 1912).

(*Note.*—Throughout the statement, the figures are given, unless otherwise indicated, in thousands of rupees omitting 000.)

Preliminary Remarks.

The state budget for the year 1911-12 having received the final sanction of His Highness the Maharaja is published herewith for general information together with this brief financial statement explaining its salient features.

2. The budget shows as usual under each detailed head of receipt or expenditure the figures relating to the accounts for the year 1909-10 as finally closed, those appertaining to the revised estimates for the year 1910-11 and the amounts provided for in the budget estimates for 1911-12. This statement is also divided into three sections dealing respectively with the figures relating to the three years.

Accounts for 1909-10.

3. The budget estimate for 1909-10 was framed for a small surplus of 55, the estimated receipts and expenditure being 232,93 and 232,38, respectively; but the audited accounts show a surplus of 21,01 being an improvement of 20,46 over the budget.

4. The following is an analysis of the financial position of the year according to the budget and actuals of the year :—

	Budget		Account	
	Rs.		Rs.	
Ordinary Account (excluding Cauvery Power Scheme).				
Receipts	215,93		224,09	
Expenditure	217,51		210,07	
Surplus (+) Deficit (—) ...		—1,58		+14,02
Cauvery Power Scheme account.				
Receipts	17,00		19,49	
Expenditure	14,87		12,50	
Cauvery Power Scheme—Surplus (+) Deficit (—) ...		+2,13		+6,99
Total Receipts	232,93		243,58	
Total Expenditure	232,38		222,57	
Surplus (+) Deficit (—) ...		+55		+21,01

It will be seen from the above analysis that the improvement in the actuals over the budget is shared both by the ordinary account and the Cauvery power scheme account.

5. There was an increase of 2,49 in the revenue from Cauvery power scheme as a result of the increased demand for house connection for lighting and for power supply and in consequence of the absence of any large remissions for stoppages of power supply to the Kolar gold mines. Coupled with this improvement in revenue, there was a large saving of 2,37 on the expenditure side in the grant for the Electrical department, most of which were lapses, and the combined effect was to raise the estimated surplus of 2,13 in the Cauvery power scheme account to 6,99.

6. As in the Cauvery power scheme account, the improvement in the ordinary account was also the result of a combination of increased receipts and reduced disbursements, the increase in the former case being 8,16 and the saving in the latter case being 7,44.

7. It is not necessary here to examine in detail the heads under which the improvement over the budget referred to above occurred or to explain the causes which led to this improvement. The Appropriation Report on the final accounts of 1909-10 published in the *Mysore Gazette* issued on the 6th July 1911 deals fully with the subject.

Revised Estimates for 1910-11.

8. The budget estimates for 1910-11 provided for a total revenue of 210,98 and a total expenditure of 209,29 exclusive of all direct transactions connected with the Cauvery power scheme and the expenditure on account of interest and sinking fund contribution on account of the state loan of 20 lakhs which really appertains to that scheme. A surplus of 1,69 was thus expected in the estimates on the ordinary account. According to the revised estimates for 1910-11 which have been very carefully framed and which will not in all probability materially differ from the actuals, the revenue and expenditure for the year stand at 230,03 and 211,80, respectively, in the ordinary account.

9. The revenue for the year is therefore 19,05 more than the estimates. The expenditure is also 2,51 more. As the net result of these variations, the surplus of 1,69 in the ordinary account, expected in the budget estimates, stands at 18,23 in the revised which means an improvement of 16·54 lakhs.

Revenue.

10. The important variations under the several heads of revenue which result in the improvement of 19,05 referred to above are the following:—

Increase—	
Land Revenue	6,60
Forest	3,71
Excise	1,50
Mining Royalty	3,58
Interest	1,74
Public Works Receipts	1,31
Decrease—	
Railway Revenue	53

11. The excess over the budget under Land Revenue was due to the favourable seasonal conditions which made it possible to collect another large instalment of the suspensions of 1908-09. The land revenue collections of 1908-09 were 89·16 lakhs against an estimate of 100 lakhs, and the bulk of the difference represented revenue the collection of which was suspended. How practically the whole of the suspended amount came back during the two following years 1909-10 and 1910-11 will be clear from the following figures which give the balance of land revenue outstanding at the end of each year:—

1907-08	15,48
1908-09	24,58
1909-10	20,38
1910-11	14,69

The fluctuations in the collection figures due to the suspensions of 1908-09 will, therefore, be seen to have entirely passed away. But the outstanding arrears still continue to be high. If seasonal conditions continue to be favourable during 1911-12 and the following years, there is every chance of our being able to materially reduce the balance each year by collecting a part of the outstanding arrears.

12. Under Forest in the budget estimates for 1910-11, the revenue was placed at 17,14 but the revised stands at 20,85, *i.e.*, 3,71 better. This is mainly due to increased receipts under sandalwood but there has also been a satisfactory improvement under other heads of forest revenue. Since 1908-09 the state of the sandalwood market has been such as to introduce a considerable element of uncertainty in the task of estimating the receipts under this head, which form more than half of the total forest revenue of the state. The sandal sales during the year 1910-11 were much better than those of the two previous years, the revenue for the three years commencing from 1908-09 being 9,25, 9,32 and 11,70 respectively. But

realizations from sandal have not yet quite regained the level at which they stood steadily for some years previous to the sudden turn of the tide in 1908-09; and though it is hoped that the market will continue to improve, circumstances still exist which render great caution necessary in estimating the revenue from this source. The balance of our forest revenue, *viz.*, that derived from timber and minor forest produce is a fairly stable and expanding element in our financial calculations, though the demand for timber and the state of timber market occasionally cause some fluctuation.

13. The excise revenue was 41,83, 43,63 and 42,11, respectively, during the three years ending in 1909-10. The revenue for 1908-09 was exceptional, owing perhaps to the opening of some test relief works in some parts of the state during the scarcity of that year; but the figures distinctly point to the fact that 41,50 may safely be taken as the present standard of revenue under this head in an ordinary year. In taking the estimate for 1910-11 at the somewhat low figure of 40,50, two changes which were introduced with effect from that year were kept in view. In the first place, there was some apprehension of revenue being adversely affected owing to the increased price for arrack which the manufacturers were allowed to charge and which left a somewhat reduced margin of profit to the retail vendors. And in the second place, some allowance had to be made for the effect on revenue of the reduction in the strength of arrack from 20 to 25 degrees under-proof. But these circumstances do not seem to have materially affected the revenue from arrack, if indeed they have had any effect at all on the normal amount received from this source. The result is that against the budget figure of 40,50, the revised estimate under Excise for 1910-11 is 42,00, *i.e.*, 1,50 better.

14. Taking up now the other heads referred to in para 10 above, the revenue from mining royalty and leases in 1910-11 is better than the budget by 3,58. This is in some measure due to satisfactory output but a considerable part of the excess represents the additional royalty which the gold mining companies pay on dividends in accordance with the terms of the new lease entered into by them. The betterment of 1,74 under interest is due to a more thorough utilisation of the surplus cash balance of the state for interest earning purposes. As regards the increase of 1,31 under public works receipts, it is chiefly due to two causes. In the first place, some Government buildings were sold to the Palace, and their value (about Rs. 81,000) was credited to Public works by debit to Palace account. And in the second place, the Silledar and Barr lines funds having been abolished under orders of Government, the balance at the credit of the funds was transferred to the public works department.

15. The only fluctuation in the wrong direction, on the revenue side of the revised estimates of 1910-11 is under the head of railways. This budget estimate was framed on the anticipation of a gross revenue of 30,00 which left a net revenue of 11,20 after providing for working expenses and the share of surplus profits paid to the working company. But the gross revenue has come up to 28,35 only, and the effect of this falling off is that the net revenue is expected to be 10,67 only, *i.e.*, 53 worse than the budget. This result cannot but be regarded as unsatisfactory, specially as in other parts of India business was generally good and the movement of agricultural produce active during the year under consideration, and the receipts of the Government of India from state railways stood at a figure higher than had ever been realised before.

16. The decrease in receipts took place both under coaching and goods. The fall under the former head was due to the absence of any special event leading to exceptional traffic and also to the prevalence of plague in many parts of the state during the year. The decrease in goods receipts was due to less coal carried for the Kolar gold mines and to smaller despatches of manganese ore from the Shimoga mines. No chrome ore was despatched from Mysore during the year, and there was less traffic in salt and jaggery.

EXPENDITURE.

17. The above are the important fluctuations on the revenue side which have, on the whole, resulted in a fair improvement over the budget. As regards expenditure, the total amount provided in the budget estimates in the ordinary account

was 209,29 against which the revised stands at 211,80, *i.e.*, 2,51 more. The important fluctuations which have led to this net result are given below :—

A.	Charges of revenue collection	— 15
C.	Palace	+4,00
D.	Civil Departments	— 96
E.	Miscellaneous	+ 87
EE.	Military	— 82
K.	Public Works	— 24

18. The savings of 15 under *Charges of revenue collections* is negligible when it is remembered that it represents the fluctuation in a budget of 33,13 or less than ·5 per cent. The increase under *Palace* is due to the appropriation under Palace civil list being raised during the year from 16 to 20 lakhs. The less expenditure to the extent of 96 under *Civil Departments*, has been caused chiefly by the non-utilisation during the year of certain grants under Education. In the budget estimates for 1910-11 a lump sum provision of 72 was made under Government colleges for furniture and apparatus required for the Maharaja's college, Mysore, and for some of the improvements which are in progress in the Central college, Bangalore. But the amount spent during the year on the above accounts is less by about 40. The provision of 19 made in the budget for a grant-in-aid to Janopakari Doddanna's technical school was also resigned as the amount was not required during the year. Of course the above lapses are not savings in any real sense, as the grants have been reallotted in the year following.

19. The excess of 87 under the group head *Miscellaneous* has been caused chiefly by the writing off of some old loans outstanding against certain agricultural banks. The expenditure under the head Reception of important personages has also considerably exceeded the budget provision, some charges appertaining to the viceregal visit of the previous year having been finally adjusted in the accounts for 1910-11.

20. The other heads of expenditure under which material fluctuations have occurred are *Military* and *Public Works*. The saving of 82 under Military is the result of somewhat higher expenditure under Imperial service regiments accompanied by material savings under Native infantry, Imperial service transport corps and Hessarghatta and Nademavinapura grass farms. The savings in respect of Native infantry are chiefly under salaries of officers and men, while those in connection with the Imperial service transport corps are due to less expenditure for purchase and feed of ponies owing to the impending replacement of the ponies in the corps by trot bullocks of the famous amrut mahal breed. As regards the grass farms, the savings are due to a part of the grant under supplies and services not having been required during the year.

21. The grant for Public works sanctioned in the budget for 1910-11 was 25 lakhs. In Government Order No. Fl. 831-2—Gl. Fin. 439-09, dated 13th August 1910, an additional grant of 2 lakhs was sanctioned. A further additional grant of 54 was sanctioned by Government in dealing with the general reappropriation statement of the department towards the end of the financial year and on other occasions. It is expected that the actuals for the year will stand at about 24,76, *i.e.*, about 2,78 less than the total amount sanctioned and 24 less than the amount originally sanctioned in the budget estimates.

Cauvery Power Scheme.

22. Having briefly examined the circumstances which have raised the surplus in the ordinary accounts of 1910-11 from 1,69 to 18,23, we may now turn to see how the great commercial undertaking of the state, the Cauvery power scheme, fared during the year. In the budget for 1910-11 we anticipated a gross revenue of 15,00 during the year, or deducting expenditure, including depreciation, interest and sinking fund charges to the total extent of 11,03, a net revenue of 3,97. According to the revised estimates, the gross revenue is expected to amount to 16,26, and the expenditure to 8,72, thus raising the net revenue to 7,54. The result is thus seen to be satisfactory. The improvement in revenue was due to the fact that there was no shortage of water in the Cauvery during the dry months of the year and that consequently no rebate was paid to the mining companies for deficiency in power supply. The expenditure was also kept well in hand though a considerable part of the apparent savings relates to works of improvement, replacement, etc.,

and as such means no real saving but merely a transfer of expenditure from one year to another.

SUMMARY.

23. The net result of the revised estimates for 1910-11 may now be summed up. The aggregate revenue for the year including the Cauvery power revenue amounts to 246,29. The total expenditure stands at 220,52. This latter figure includes all expenditure of the state as also appropriations towards the following funds :—

1.	Famine Reserve Fund	... 2,00
2.	The Sinking Fund in connection with the loan of 20 lakhs...	... 1,33
3.	Depreciation Fund of the Cauvery Power Scheme ...	... 2,88

After meeting the above expenditure and appropriations, the accounts for 1910-11 according to the revised estimates leave a surplus of 25·77 lakhs.

Budget Estimates for 1911-12.

24. Having briefly reviewed the figures appertaining to the revised estimates for the year 1910-11, let us now turn to examine those relating to our forecast of the year on which we have just entered. The total revenue, on the ordinary account, in the estimates for 1911-12 amounts to 220,30 and the expenditure aggregates 229,28. There is thus a deficit of 8,98 in the ordinary account. In the budget of the Cauvery power scheme, the revenue is placed at 15,50 and the expenditure including depreciation, sinking fund and interest charges at 9,81. There is thus a surplus in this account of 5,69. Taking the two accounts together, *i.e.*, combining the deficit of 8,98 in the ordinary account with the surplus of 5,69 under the Cauvery power scheme, the transactions of all departments of the state for the year are seen to work up to a net deficit of 3,29.

REVENUE.

25. In his speech introducing the financial statement of India for 1911-12, the Honourable Sir Guy Fleetwood Wilson remarked that in Indian budgeting the only reasonable rule of conduct "is to assume that a period of prosperity, once it is established, will continue until we have some clear warning of impending change." The two years, which have elapsed since the distress of 1908-09, may be said to have established a period of prosperity in Mysore; and though the seasonal conditions in certain other parts of India have made the agricultural outlook anxious and in some cases even serious, the situation throughout the state of Mysore continues to be fairly favourable. In framing the budget for 1911-12, we have felt justified in assuming that conditions of average prosperity will prevail during the year.

Principal Heads of Revenue.

26. The land revenue collections have accordingly been estimated at 102,00, a figure which according to our present standard of gross demand should be realized in a normal year. The collections in each of the years, 1909-10 and 1910-11, have indeed exceeded 105 lakhs, but it has been explained in para 11 above how the figures relating to those years have been affected by the collection of the large suspensions of 1908-09. If the seasonal conditions in all parts of the state be favourable and the outstanding arrears of revenue can be materially reduced, the actual collections should be higher than the budget figure. But to avoid embarrassment it is desirable to base our expectations on normal or average conditions on the supposition that favourable variations under some heads will counterbalance unfavourable variations in the case of others.

27. For similar reasons we have taken the forest revenue at 18,31. If the sandal market be favourable, we may realize more. But it is felt that a department like the Forest department, while keeping gradual expansion of revenue steadily in view, should have the fullest scope for controlling its operations and for dealing with the markets in touch with it to the best advantage of the state, without being bound to the necessity of working up to a high revenue budget. The excise revenue is taken at its present normal standard of 41,50. The changes

introduced last year, as explained in para 13 above, are not likely to affect the revenue from arrack to an appreciable extent; and the only change of any importance which will have effect from the year 1911-12, *viz.*, the enhancement of the tree-tax, will not in all probability cause any material fluctuation in the revenue from toddy as a whole. The revenues from assessed taxes, stamps and registration have been taken at the usual figures, and do not require any remarks.

Other Heads of Revenue.

28. The estimate for revenue from *Mining Royalty and leases* is based on the amount realized under the new agreement in 1910-11, as there is every reason to expect that the output will continue to be satisfactory as it has been for some years past. Under *Interest* a revision of terms with some of the debtors, including the Mysore spinning and manufacturing company Limited, is expected to improve the receipts to a considerable extent during 1911-12. The estimates under the group-heads *Receipt by Civil Departments*, *Miscellaneous* and *Military* show no decided fluctuation. The appreciably higher estimate under Public works receipts when compared with the last year's budget is due to arrears of excess water charges expected to be collected during the year.

Railways.

29. The estimate under Railways—Revenue account, in the budget for 1911-12 compares as shown below with the transactions of the two previous years :-

	Gross earnings	Working expenses (including share of profit paid to the working company)	Net earnings
	Rs.	Rs.	Rs.
1909-10	30,10	17,64	12,46
1910-11 (Revised) ...	28,35	17,68	10,67
1911-12 (Budget) ...	30,00	19,49	10,51

The reasons for fluctuations in the revised have been explained in para 15. In respect of the budget figures it is hoped that the figures for 1910-11 as regards gross earnings represented only a temporary depression and that the gross earnings in 1911-12 will regain the level which they maintained during the three years, 1907-08 to 1909-10. The working expenses provided in the estimates for 1911-12 indeed appear high, and are said to be due to heavy renewals in progress, a part of the expenditure on which comes under working expenses. But as the figures for working expenses shown above represent the proportionate share according to gross earnings of the working expenses of the whole system managed by the Madras and Southern Mahratta Railway Company, it is difficult to establish any relation between work done and expenditure incurred in respect of the state lines in the accounts of any particular year.

30. It must be remembered that the figure shown as net earnings above do not represent the profits of the state from its railway undertaking. Against the net earnings there is the item of 7,20 to be paid on account of guaranteed interest on the sterling railway loan and a small sum (9 in the estimates of 1911-12) is spent by the state on its own railway establishment, maintenance of saloons etc., Besides the above, a certain amount has to be spent every year on capital works on the open line. Of course, in a certain sense, the capital expenditure is an investment as it increases the value of the railway property of the state; but it has nevertheless to be taken into account in determining the net effect of our railway transactions on the cash balance in hand.

31. The amount allotted for capital works in the Railway budget for 1911-12 is 3,97 which is about one lakh more than the amount provided for last year.

Among the works for which allotments have been given from this amount are:—

	Rs.
Substitution of 60 lbs. rails for 41¼ lbs. ones for 100 miles from Harihar to Mysore	71,000
New girder bridge over the Shimsha river	1,35,000
Covered passenger platform at Mysore Station	2,200
Timber siding at Mysore	12,000
64 additional covered goods waggons	30,000
Fitting 31 four-wheeled coaching vehicles with vacuum brakes and inter-communications	6,000
5 additional Bogie thirds and 1 with brake	61,600

The amounts shown above do not represent the total cost of the respective works but the amount proposed to be spent on each work during the year 1911-12 on capital account.

32. The net earnings from railways being 10,51 and the interest and other charges and capital expenditure on the open line being 7,29 and 3,97 respectively, the railway transactions of the state will result in a drawal on the cash balances to the extent of 75.

Expenditure.

33. We now come to the consideration of the expenditure side of the budget estimates for 1911-12; and an examination of this portion of the budget will show that, besides allotting the full amounts usually provided under all the important heads of expenditure, the Government of His Highness the Maharaja have sanctioned special grants in many cases for various objects. The most important of these are the allotment in connection with the Coronation durbar celebration and the grant for expenditure relating to the work of the Economic conference and the committees appointed by it. Of the other special grants included in the budget estimates for 1911-12, those requiring notice are referred to below under the respective heads.

Charges of Revenue Collection.

34. Under Land Revenue special provision has been made for the revision of *potgi* allowance to patels and shanbhogs in some of the taluks owing to resettlement, and in the case of one taluk the provision amounts to 16 as the difference is to be paid for several years past. Under Forest a provision of 8 is made for original works such as roads, etc. A special grant of 10 is included under the head Stamps towards the cost of improved dies and machinery for producing stamps in accordance with the recommendations of the committee appointed by Government to deal with the subject.

Civil Departments.

35. Under Law and Justice a special provision has been included for the re-establishment of the court of the District and Sessions Judge at Bangalore. In the department of Education provision has been made for the more urgent cases relating to the entertainment of new teachers in state fund schools, the increase of pay to existing teachers, rents and contingencies of schools, etc. Some increase of this kind is sanctioned every year and a demand for such increase, in so far as it is reasonable, constitutes a healthy index of activity and progress in educational work. Funds have been provided for the equipment of laboratories in Government high schools to meet the requirements of science teaching for the matriculation examination under the new regulations. The cost of opening an English class in the Mysore normal school for the training of teachers for English schools in the state has been provided for. A special grant for furniture and books for the Maharaja's college is included, and provision is also made for an additional lecturer in English in that institution. Grants surrendered by the Inspector-General of Education at the end of the year 1910-11 amounting to Rs. 42,700 have been reallotted in the budget estimates. These grants relate mostly to the improvements in the Central college and the Educational library and museum. A special additional grant of Rs. 17,712 is also provided for the Central college for improving the library and the laboratories.

36. Under Medical, the principal additional allotment is the grant towards the initial cost of the proposed maternity hospital at Robertsonpet. Under Scientific and Minor departments, the special grants are comparatively small in amount but numerous. Provision has been made for expenditure by the committee appointed by Government to devise means and take action for the improvement of the breed of milch cattle in Mysore. The extension of the Hebbal experimental farm, remedial measures against the rice grasshopper and the jola grasshopper, the publication of a co-operative journal, improvements and extensions in the Lal-bagh, improvements in the Cubbon park—special grants have been provided for these and other similar objects. Under Stationery and Printing, provision has been made for the purchase of additional type and materials for census work and also for the purchase of a new printing machine and a ruling machine.

Military.

37. Under Military and the connected departments, a few new and special items have been included in the budget. Amongst these, the more important ones relate to the following, *viz.*, the conversion of pony carts in the Imperial service transport corps to bullock carts in view of the substitution of bullocks for ponies, the adoption of a special equipment for carrying rifles by Imperial service lancers, the appointment of an assistant veterinarian at the Kunigal stud farm, expenditure connected with the deputation of an officer to represent the Mysore Imperial service lancers at the coronation ceremony in England and the construction of carts for the Imperial service regiments.

Public Works and Railways.

38. The question of railway expenditure has already been dealt with in paragraphs 29 to 32 above. We have already seen that the working expenses are likely to be much heavier than usual in 1911-12 and that the grant for capital works is also about a lakh in excess of the amount sanctioned last year. As the revenue expected can be taken only at the ordinary standard, the situation on the whole in respect of the railways is less favourable than in an ordinary year.

39. As regards the ordinary branch of the Public works department, the normal grant from state funds as fixed in Government Order No. G. 4397-99—G.M. 237-08-1, dated 29th January 1909, is 25 lakhs. But in view of the pressing demands of many projects both under civil works and irrigation—specially the latter—the grant for 1911-12 has been placed at 30 lakhs. Besides this grant shown under Public works, a grant of 2,55 to the Mysore City Improvement Trust is included in the budget under the head, 26. Miscellaneous—Contributions, and this is practically an additional item of public works expenditure from state funds.

40. The following is a list of important public works for which allotments have been made in the current year :—

	Name of work.	*Grant for 1911-12.*
		Rs.
1	Extension of irrigation channels below Marikanave dam ...	... 50,000
2	Improving and extending Hemagiri channel	... 10,000
3	Do Mandagiri channel	... 10,000
4	Do south channel of Sri Ramadevar dam ...	... 10,000
5	Constructing a new tank near Maralvadi stream	... 5,000
6	Improving Bolappanahalli tank	... 5,000
7	Improving irrigation channels of Gudibanda-Byrasagara tank ...	... 4,000
8	Restoring tanks fed by Sankanpur anikat	... 3,000
9	Improving right and left bank channels of Ranikere tank ...	... 3,000
10	Constructing a tank across Vadli stream at Hairege	... 10,000
11	Restoring Maligere tank	... 3,000
12	Do Bherya tank	... 4,000
13	Do Hangala Hirekere	... 3,000
14	Constructing a tank at Sowlanga	... 5,000
15	Feeding Tarikere Doddakere from Harekattur upper anikat ...	... 3,500
16	Restoring Chikpatnakere anikat	... 2,000
17	Constructing sandal koti at Shimoga	... 3,500
18	Constructing new Taluk Cutcherry at Magadi	... 6,500
19	Do Honnali	... 5,000
20	Do Kumsi	... 3,000
21	Do Sidlaghatta	... 5,000

	Name of work.	*Grant for 1911-12.*
		Rs.
22	Constructing quarters and office for the Assistant Commissioner, Davangere ...	3,000
23	Erecting record racks in the General and Revenue Secretariat	10,000
24	Constructing new Polo stables at Mysore and converting the old ones into Motor Garage	6,000
25	Constructing new High School near the Central College at Bangalore ...	75,000
26	Constructing Chemical Laboratory, Central College	50,000
27	Extending new High School at Tumkur	8,000
28	Constructing new High School at Hassan	20,000
29	Constructing Chamarajendra Technical Institute, Mysore	75,000
30	Constructing Minto Ophthalmic Hospital, Bangalore	75,000
31	Constructing Police Superintendent's Office, Fort, Bangalore	5,000
32	Extending the General Hospital, Mysore	20,000
33	Reconstruction of the Palace, Mysore	65,000
34	Improving and extending the workshop attached to the Water-Supply and Stores Division	3,500
35	Opening a bridle-path in Talguppa-Aralgode road from the ghat head to the Mysore frontier	6,000
36	Constructing a telephone connection between Bangalore and Mysore ...	12,000
37	Acquiring the Sillubande hamlet for the improvement of Cubbon Park ...	15,000
38	Laying out the Malleswaram Extension	25,000
39	Do Basavangudi Extension	25,000
40	Extension of Shimoga Town	8,000
41	Water-supply to Ganjam and Seringapatam	10,000
42	Constructing main outfall works and breaching Sunnakal Tank	12,000
43	Diverting the storm water of Basavangudi	14,000
44	Arlepet drainage	18,000
45	Constructing marble canopy over the new statue of His Highness the late Maharaja of Mysore	50,000

Of course, most of the allotments noted above constitute only a fraction of the total estimate for each work. The detailed budget of the Public works department has not yet been finally sanctioned, and the figures given in the foregoing statement, which represent the proposals of the department, are liable to some alteration when the programme is finally settled.

41. Out of the total state fund public works grant of each year a sum of about 11 to 12 lakhs is necessary for maintenance and ordinary repairs, and the remainder is available for original works under irrigation, roads, buildings and miscellaneous improvements. A sum of about 18 to 19 lakhs is available this year for original works of the above description. Though the list given in the foregoing paragraph is not final, it will, it is hoped, show that the distribution of the funds amongst the several classes of works is, on the whole, fair and judicious and that works which most concern the material and moral welfare of the people, *viz.*, those appertaining to irrigation, education, sanitation and medical relief preponderate in the programme. There is indeed pressing need for more buildings for Government offices in Bangalore and in some of the outlaying stations, as the occupation by Government for office purposes of scattered residential bungalows is neither conducive to convenience of work nor fair to the residents. But the Government of His Highness the Maharaja consider that the objects referred to above which are of greater and more direct usefulness to the mass of the population have the first claim on whatever money can be made available for public works.

Cauvery Power Scheme.

42. The review contained in the foregoing paragraphs of the provisions made in the budget estimates for 1911-12 under the various heads of expenditure will make it clear why the ordinary account results in a deficit of 8,98. This deficit is to a large extent but not completely wiped off by the fair surplus of 5,69 under the Cauvery power scheme account. The revenue from the scheme has been taken at the normal standard of 15,50 and the expenditure at 9,81. In June 1911 a reorganization of the scale of pay of all branches of the Cauvery power staff proposed by the Chief Electrical Engineer was sanctioned by Government and this has considerably improved the prospects of the employees in this department. Provision has been made in the budget for this revised scale of salaries. Funds have also been provided for equipping the transmission lines of the Bangalore and Mysore

sections with aluminium lightning arresters, for constructing office and store buildings in Mysore and for improving and reconstructing the cooly lines at Sivasamudram at considerable additional expense.

Local Funds.

43. The following statement shows the opening balance and the estimated receipts and expenditure of the several local funds during the year 1911-12.

Name of Fund	Estimated balance on 1st July 1911	Estimated receipts 1911-12	Total	Estimated expenditure for 1911-12	Estimated balance on 30th June 1912	Remarks
	Rs.	Rs.	Rs.	Rs.	Rs.	
Local Funds General ...	1,72,176	1,87,020	3,59,196	2,01,838	1,57,358	
District Funds ...	3,00,554	8,22,818	11,23,372	9,76,238	1,47,134	
Municipal Funds ...	5,08,000	8,92,000	14,00,000	10,08,000	3,92,000	Estimate not yet sanctioned by Government
Village School Fund ...	40,300	3,28,222	3,68,522	3,76,391	*—7,869	
Irrigation Cess Fund ...	1,10,000	2,50,000	3,60,000	2,56,000	1,04,000	

* Excluding invested balance, 1,50,000.

44. The municipal bodies derive their income from taxation which they levy within their respective jurisdictions under the powers vested in them by the Mysore municipal regulations. In some cases the resources of municipalities are supplemented by Government grants for special purposes. The irrigation cess fund receipts consist of the cess separately levied in the case of taluks settled before 1875 and in the case of other taluks a lump contribution from land revenue as fixed by Government. The Local funds general, the District fund and the Village school fund divide the cesses on land, excise, and forest revenues as shown below:—

	Land Revenue Cess	Excise Cess	Forest and Miscellaneous
Local Funds General	...	67%	67%
District Funds	76%	...	...
Village School Fund	24%	33%	33%

There are also some minor items of receipt under some of the local funds.

45. Of the expenditure of 2,02 provided in the Local funds general budget estimates for 1911-12, about half is for public works and the other half for industrial and other schools. The expenditure provided in the District funds budgets aggregates 9,76; and out of this about two-thirds is for public works and the remaining one-third is mostly for medical, sanitary and conservancy charges. The estimated municipal expenditure for the state is 10,08; and out of this, roughly speaking, $\frac{1}{4}$ may be said to appertain to public works, $\frac{1}{4}$ to sanitation and conservancy, $\frac{1}{10}$ to collection and office charges, $\frac{1}{10}$ to medical, $\frac{1}{12}$ to public safety, $\frac{1}{30}$ to education and $\frac{11}{60}$ to miscellaneous charges. It is thus seen how the state fund expenditure under public works, sanitation, medical relief and education is materially supplemented by expenditure from the local funds.

46. It will be observed that in the case of all the local funds the expenditure during 1911-12 is expected to be more than the receipts, the difference being drawn from the opening balance. This is due in the case of Local funds general to increased grants for public works. As regards district and municipal funds the comparatively large provision for expenditure is due to the prevalence of plague in some parts of the state, for the steps that have to be taken to combat the disease require additional expenditure from the state funds as also from local

sources. In the case of the Village school fund, the excess is due to provision having been made for improved village school buildings. The Village school fund budgets for 1909-10 and 1910-11 contained provisions of Rs. 50,000 for each year for this purpose; and a provision of Rs. 50,000 has also been made in the budget for 1911-12. A part of the grant under this head was not utilized in some years, but it is hoped that the grant will be fully utilized in the current year. In the case of the Irrigation cess fund, the excess of expenditure over receipts is small and is due to the large number of works proposed to be undertaken.

Ways and Means.

47. The cash balance in the state treasuries and with the state bankers in India and in England, on 1st July 1911 after reserving the amount for investments made later on in the month was Rs. 75,38,484. As the result of the transactions included in the budget for 1911-12 and also of the operation of the debt heads such as savings banks deposits, loans and advances and the several local funds, the balance on 1st July 1912 is expected to stand at Rs. 80,26,000. As this is more than what we ordinarily consider a satisfactory balance to start with at the beginning of a year, no special ways and means measure will be necessary during 1911-12, unless any addition of exceptional magnitude to the expenditure side of the budget is found necessary during the course of the year.

Conclusion.

48. In putting down the result of the financial transactions of the current year at a deficit of 3,29 (*vide* para 24 above), the Government have, as usual, included the following appropriations to reserve funds on the expenditure side:—

Famine Reserve Fund	2,00
Sinking Fund in connection with the State Loan ...	1,33
Cauvery Power Scheme Depreciation Fund ...	2,88

This course is necessary as in the opinion of His Highness's Government appropriations to reserve funds are as much a legitimate charge on the revenues of a year as current expenditure, and the surplus, if any, after providing for these grants can alone be regarded as a true surplus. The financial effect of these appropriations in a year like this will be to reduce the unmarked surplus balance of the state by transferring a certain amount from it to the credit of the several funds, the balances at the credit of which, though forming a part of the State's cash and invested balance, are yet ear-marked for meeting special liabilities and are not available for ordinary purposes.

49. At the first sight the results of the financial operations of the state for the year 1911-12, as made out in the budget estimates, would appear to be very different from that of the preceding year, for, instead of having a considerable surplus, we are confronted by a deficit. But a close examination of the budget will clearly show that this balance on the wrong side has resulted owing to provision having been made in the budget for some new and extraordinary items of expenditure and also because the grants under some ordinary and useful heads are on a liberal scale. Our inability to equate the revenue and expenditure sides of the budget under these circumstances should not therefore be regarded as an indication of any set-back in the financial progress of the state.

BANGALORE,
The 28th August 1911.

J. S. CHAKRAVARTI,
Financial Secretary to Government.